

HOMELAND SECURITY AND ALL HAZARDS EMERGENCY MANAGEMENT

A Report Prepared for the

Legislative Finance Committee

By

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INTRODUCTION AND PURPOSE

The purpose of this report is to provide the Legislative Finance Committee (LFC) with an update about homeland security preparedness in Montana, together with a fiscal analysis of how the programs and federal funding specific to homeland security have had an impact on the all hazards emergency management system in the state. There are a number of issues that the LFC should be aware of, and potential decision points to be considered:

- What has changed in Montana since September 11, 2001?
- How are new federally funded programs for homeland security being applied in Montana?
- Will state expenditures increase due to the impacts of homeland security initiatives at the federal, state and local levels?
- Is Montana prepared for an anthrax, bioterrorism or naturally occurring disease outbreak in a rural community?
- How would a weapons of mass destruction threat be managed in an urban center?

Following the attacks in New York, Washington and Pennsylvania, federal spending for homeland security increased dramatically. During the 2005 biennium, roughly \$55.7 million of new federal funds will be dispersed in Montana through Disaster and Emergency Services (Department of Military Affairs), the Department of Public Health and Human Services, and the Department of Livestock. This report provides an analysis of homeland security and emergency management as follows:

- An illustration of the system in place in Montana to address all hazards emergency management, including homeland security;
- An inventory of homeland security and emergency management funding in Montana;
- An illustration of the relationship between homeland security and all hazards emergency management at the state and the federal levels;
- An analysis and assessment of the all hazards emergency management system at the federal, state and local levels;
- Fiscal issues and decision points for LFC consideration:
 - How will reductions in federal funding for homeland security affect Montana?
 - How will proposed changes to federal funding of emergency management affect Montana?

The body of this report is intended to provide a comprehensive overview of the topic area; there are additional, detailed explanations and citations located in the endnotes section of the report, which begins on page 14.

BACKGROUND

The Disaster and Emergency Services (DES) Division¹ serves as the hub of the system for the Montana all hazards disaster and emergency management plan, which will be referred to in this report as the “DES Montana Plan”. This plan contemplates “all hazards”, including homeland security situations. The vital components of the DES Montana Plan are illustrated below in Chart A.

Chart A – DES Montana Plan²



As demonstrated in the chart, Montana Disaster and Emergency Services is responsible for the design, maintenance and delivery of statewide all hazards emergency management, which consists of the four components of preparedness (planning and infrastructure development), mitigation (measures to reduce disaster damage), response (delivering needed resources to a disaster), and recovery (assisting in the aftermath of disaster). Montana DES works to achieve these responsibilities by serving as the center of the network and the convener between all the entities that need to be part of emergency management. Since a disaster or emergency occurs in a specific locale, the beneficiaries of the DES Montana Plan are all of the local communities across the state, each of whom have a local emergency management plan that interconnects with the statewide plan.

Once again, the DES Montana Plan is designed, maintained and updated in order to be ready for “all hazards” emergencies, from wildfire, hazardous material spills, and floods, to the hazards related to terrorism such as weapons of mass destruction and anthrax contamination.

HOMELAND SECURITY AND EMERGENCY MANAGEMENT FUNDING IN MONTANA

Since fiscal 1998, the Montana DES base-budget for federal special revenue was just over \$1.0 million per fiscal year. These funds, the Emergency Management Planning Grant (EMPG) administered by FEMA (Federal Emergency Management Agency), and the required general fund match provide primary support for the personal service costs of both Montana DES and as pass-through for county DES Coordinators (EMPG requires a 50/50 state or local match). As Chart A demonstrates, at its base, emergency management consists of people working the disaster plan and its four components of preparedness, mitigation, response and recovery.

During the 2005 biennium DES will receive some \$46.7 million additional federal revenue for homeland security. In addition, Montana DPHHS will receive \$8.6 million, and the Department of Livestock will receive \$289,000. That is a total of \$55.7 million in federal special revenue for homeland security in Montana, funds invested into all hazards emergency management.

Until last month (May 2004) DPHHS was allocated \$9.7 million of federal funding, but the federal Department of Health and Human Services has proposed an across-the-board reduction in funding that will remove \$1.085 million from the original amount for Montana. It is not yet clear whether this reduction will be implemented and what the immediate impact will be on the state.

The overwhelming majority of all federal homeland security funding is pass-through for local level emergency management infrastructure, preparedness planning, to improve communication and interaction between entities, to support public health and healthcare preparedness, and, most important, for equipment acquisition. Most equipment acquisition supports first responders, from law enforcement and fire departments to Emergency Medical Services (EMS). Specific types of equipment include interoperable communications (radios and antennas), HAZMAT gear, and equipment for Explosive Ordinance Disposal (EOD) teams to serve dedicated state regions.

At the state level, new federal homeland security funds also support 3.00 FTE at Montana DES and 22.60 FTE at the Department of Public Health and Human Services. Chart B on the following page illustrates the source of the funds, which agency receives funds, as well as the objectives and results of funded programs.

Chart B

2005 Biennium - Homeland Security and Emergency Management Funding in Montana

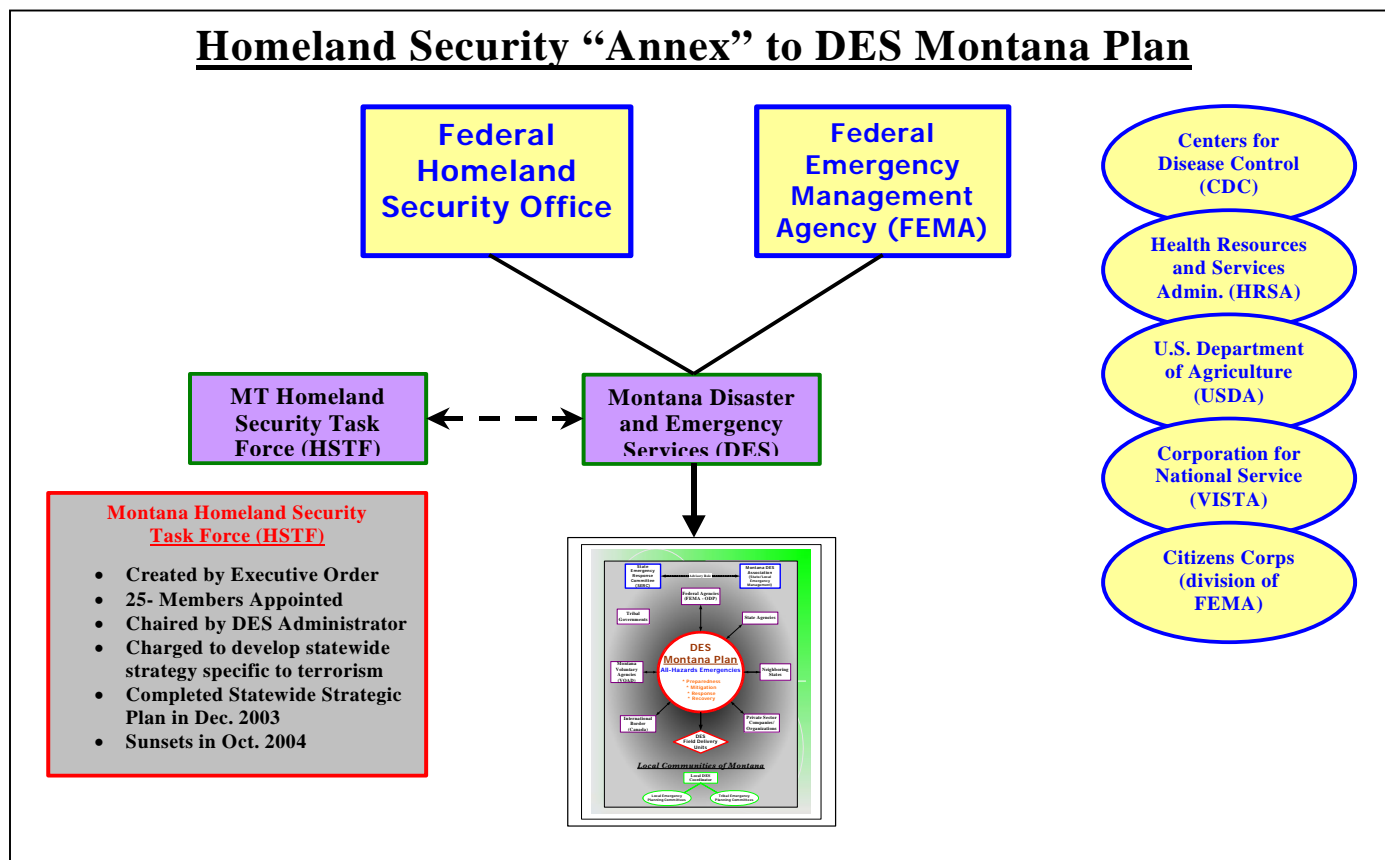
State Agency	Funding Source	2005 Bien. Funds	Funding Objectives	Results To Date	Future Issues
Disaster and Emergency Services (DES)					
Department of Homeland Security (ODP)		\$ 40,018,000	Allocate funds to county (local DES) level for equipment and capacity building, support statewide training, planning and exercise. Create state and local volunteer network of trained emergency management volunteers. Supports 3.00 FTE @ Montana DES for homeland security.	First Responder Equipment HAZMAT Equipment Communications Equipment EOD Units State Citizens Corps Council Seven County Councils	FY05 funds must align with state homeland security strategic plan...expect dramatic allocation reduction in the 2007 biennium
Federal Emergency Management Agency (FEMA)		\$ 176,058	Competitive grant to LEPC/TERC level to provide volunteer training for Community Emergency Response Teams (CERTs)	260 CERTS Trained in MT	Potential funding reduction as allocation formula changes to per capita
Volunteers In Service to America (VISTA)		\$ 12,000	Create Homeland Security VISTA Program	VISTA Position at DES	
Federal Emergency Management Agency (FEMA)		\$ 559,852	Supplemental funds to create local terrorism annex plan in each Montana county	DES Coordinators submit new terrorism annexes	One-time-only funding
General Fund (HB2)		\$ 924,731	General fund 50/50 match of federal EMPG funds to support all-hazards statewide emergency management (amount not affected by new homeland security program)	DES Montana Plan maintenance and enhancement	May need to address reduction of federal funding allocation and 25% cap on personal services
State Special Revenue (HB2)		\$ 260,889	Education and training programs (\$27,000) Search and Rescue funding	Statewide Training Workshop Search & Rescue Operations	Local DES Coordinators may request additional training progs.
Federal Special Revenue (HB2)		\$ 8,644,190 (\$5.9 million new funding)	\$5.9 million local first responder equipment grants \$2.5 million for statewide all-hazards emergency mgmt. (federal EMPG program funds)	See above results...also reinvigorated local planning bodies for emergency mgmt.	Beginning with 2007 Bien federal FEMA funding formula may cap personnel at 25%
Public Health and Human Servs (DPHHS)					
Centers for Disease Control (CDC)		\$ 7,347,465	Infrastructure and capacity building of public health emergency management system at state, regional and local level. Integrate public health into all hazards emergency management. Supports 20.10 FTE @ Montana DPHHS for public health emergency management.	54/56 counties w/mature plan 5/7 tribes submit plan \$4,717,712 for Local Level Membership on LEPC/TERC Statewide Advisory Council Training plan for health staff Major upgrades to State Lab	-Anticipate level funding going forward with modification to a 10-month grant cycle for FY2005- Future uncertain as of May 2004 proposed reduction
Federal HHS has Proposed Reduction of \$1.085 million effective FY2004, which would reduce CDC allocation to \$6,262,465					
Health Resources and Services Adm (HRSA)		\$ 2,370,000	Support healthcare facilities for public health emergency preparedness (hospitals, clinics, EMS, labs, etc.). Supports 2.50 FTE @ Montana DPHHS for hospital emergency management.	\$1,869,000 to Local facilities \$500,863 Statewide coord. 53 Hosps. w/all hazards plan Training for health providers	Anticipate level funding going forward (as per HRSA Cooperative Agreement)
Department of Livestock (DoL)					
U.S. Department of Agriculture (USDA)		\$ 108,892	Emergency management animal surveillance (education and training)	Educating veterinary doctors regarding bioterror and emergency response	Planning to reapply to continue program and funding in next biennium
U.S. Department of Agriculture (USDA)		\$ 180,198	Homeland security preparedness, planning, detection, diagnosis and surveillance for livestock (two year grant 2003-2004)	Equipment to support onsite emergency response (trailers and laboratory, etc.)	USDA funding ends by the close of 2005 biennium and will not be renewed
Montana DES Office (Pass-thru federal grant)		\$ 70,000	Homeland security vulnerability assessment related to livestock and agriculture	Statewide risk assessment and asset inventory (animals and agriculture) for emergency preparedness.	Expect to seek additional funds to support laboratory security upgrades
Blue indicates Federal Revenue Funds Red indicates General/State Revenue Funds Gray shading indicates new federal funds as part of post September 11, 2001 initiatives					
TOTAL NEW		\$ 55,657,465.00			

EMERGENCY MANAGEMENT AND HOMELAND SECURITY

While all hazards emergency management contemplated homeland security before September 11, 2001, events that day initiated an aggressive approach across the nation. It is important to consider and analyze the differences between the state and the federal models as the new federal model will likely have a fiscal impact on Montana's emergency management system.

In Montana, the Governor, by executive order, created and charged the Homeland Security Task Force (HSTF) with "the development and implementation of a comprehensive statewide strategy to strengthen Montana's capabilities to detect, prepare for, prevent, protect against, respond to and recover from any terrorist threat or attacks within the state."³ The HSTF was created in order to enhance and complement the DES Montana Plan, to provide broad participation and leadership specific to homeland security challenges. Rather than create a new, parallel system, as the federal government has done, the HSTF serves as an "annex" or specific adjunct to the DES Montana Plan. Key among the HSTF enhancements has been the development of a statewide strategic plan and the oversight of federal funding allocations, as illustrated in Chart C.

Chart C

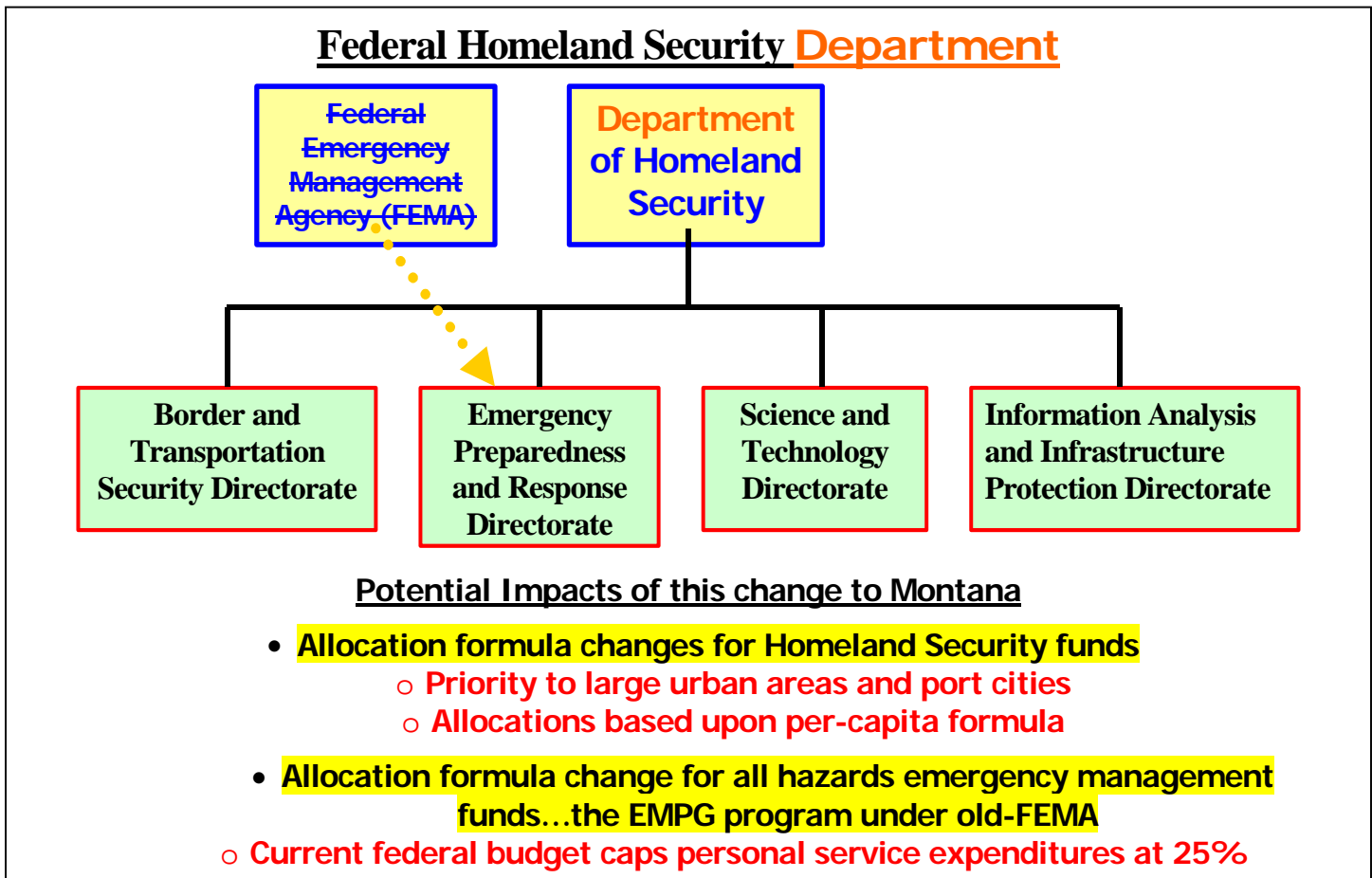


Therefore, in Montana, homeland security matters continue to be handled as an integral part of the DES Montana Plan, one among many of the all hazards emergencies that the system is set-up to address. The only exception is the creation of the Homeland Security Task Force in 2001, an “annex” to provide complementary, but not separate leadership. The executive order creating the HSTF expires in October 2004.

The federal government, on the other hand, responded to the World Trade Center attacks by creating the Office of Homeland Security, which became a cabinet-level department in 2003. A number of other federal agencies also play an active role in developing and funding homeland security programs, including the Centers for Disease Control (CDC), the Health Services and Resource Administration (HRSA), the United States Department of Agriculture (USDA), the Corporation for National Service (VISTA), and the Citizens Corps⁴.

The new Department of Homeland Security initiated a federal reorganization of emergency management programs. Prior to September 11, 2001, the Federal Emergency Management Agency (FEMA) took the lead for all-hazards emergency management through the EMPG program. Under the new department, however, FEMA was moved under homeland security into the Emergency Preparedness & Response Directorate. Chart D illustrates these changes and the potential fiscal impacts that the reorganization may have on Montana.

Chart D
All Hazards Emergency Management at the Federal Level



There is, therefore, a dramatic contrast in the way Montana and the federal government responded to homeland security preparedness. While Montana integrated homeland security into the DES Montana Plan, the federal government integrated all hazards emergency management (FEMA) under the umbrella of homeland security (Department of Homeland Security). This paradigm shift at the federal level may have severe fiscal consequences for Montana, specifically:

- 1) Homeland Security Department places a twenty five percent cap on personal service expenditures for its grants, so that the old-FEMA funds (EMPG program) may now be administered with this same cap. Historically, both Montana DES and county DES Coordinators have used EMPG funds for a significant portion of their personal service expenditures, funding most of their FTEs through EMPG.
- 2) Homeland security specific funds may be allocated with a per-capita formula beginning in the 2007 biennium, which may cost Montana its federal funding. DES officials, in the Executive Planning Process for the 2007 biennium, report that the President's latest budget eliminates homeland security funding for Montana. This budget, of course, is not yet final and is subject to amendment and revision.

How Montana should respond to these changes at the federal level will be addressed in a later section of this report.

ANALYSIS AND ASSESSMENT

The principal objective of new federal funding for homeland security and all hazards emergency management is to enhance the ability to prepare, mitigate, respond and recover from disaster and emergencies, in particular to terrorism related events. It is important, therefore, to look at specific scenarios and ask questions to assess the impact these funds have had in Montana.

HOW DOES THE SYSTEM REACT TO AN ANTHRAX OUTBREAK (BIOTERRORISM) IN RURAL MONTANA?

Every Montana County employs a Disaster and Emergency Services (DES) Coordinator. Only eleven counties employ a full-time coordinator, the remainder are part time, and virtually all have additional duties (e.g. Fire Warden, Floodplain Administrator, etc.). The County DES Coordinator works with the Local Emergency Planning Committee (LEPC) and/or the Tribal Emergency Response Commission (TERC) to implement a local model of the DES Montana Plan. LEPC and TERC membership include the critical players in emergency management, from law enforcement and first responders to public health and healthcare officials. Technical assistance is accessible on a 24/7 basis from Montana DES via regional coordinators dispersed in six field offices and the state duty officer.

In the event of an anthrax event in a rural Montana community, the DES Coordinator, working with the LEPC or the TERC will have a plan prepared, with specific “annexes” that address unique events. That plan assigns responsibilities and duties to each of the players on the LEPC or TERC. The plan also designates a “lead agency” for each type of disaster or emergency. In the case of anthrax, the lead agency will likely be the local health department, which has immediate access to the upgraded State Public Health Laboratory for testing and identification of infectious agents, including anthrax.

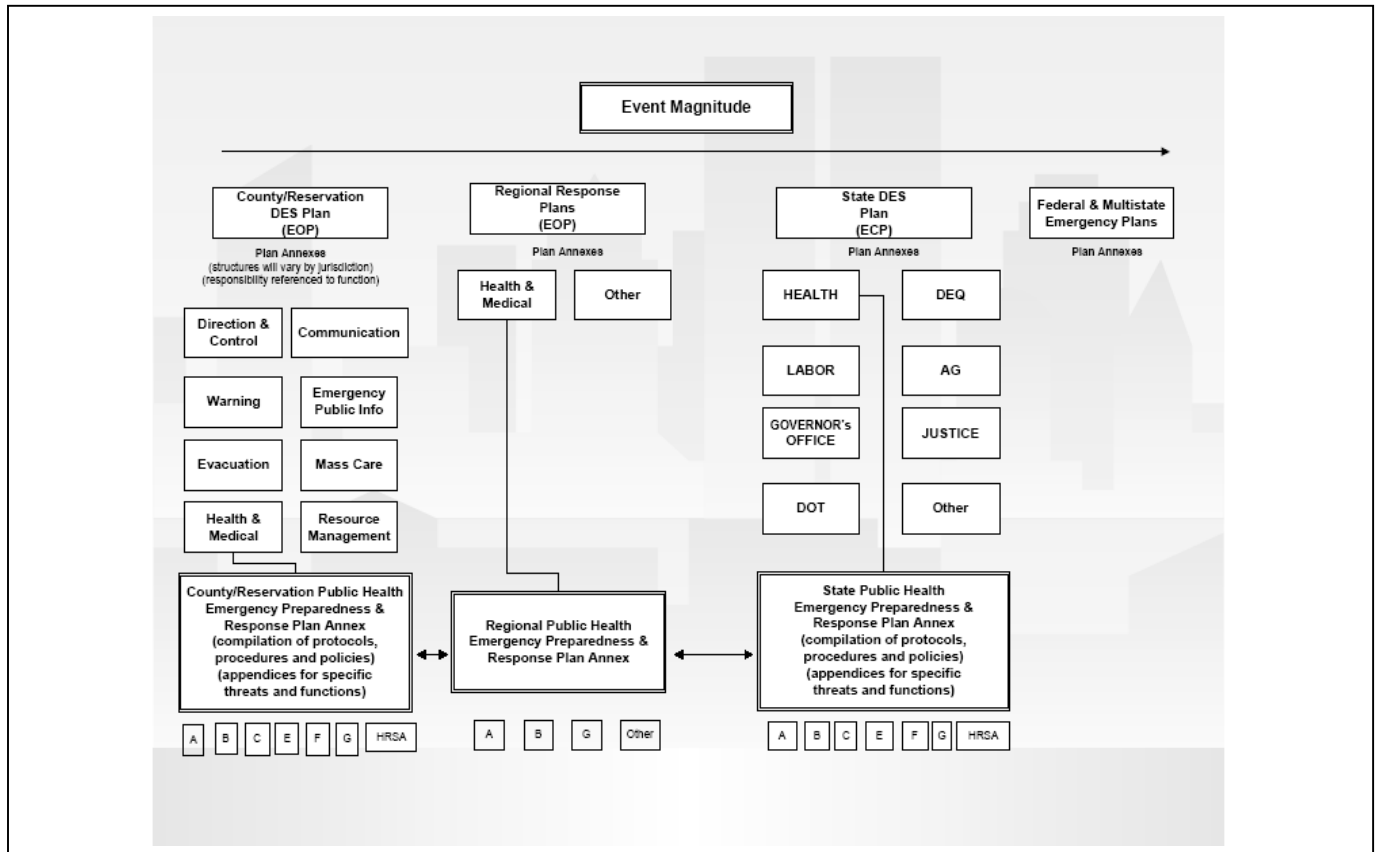
Assuming anthrax is discovered at a rural post office by a postal worker, who contacts local law enforcement, all of whom participate in the all hazards emergency planning process, that agency will make contact to trigger the local emergency response plan and annex. The lead agency then moves into position and implements the response mechanism of the plan. If additional resources or technical assistance is needed, the Montana DES may deploy a duty officer to bring statewide resources and expertise to the disposal of the local lead agency and response system.

The new federal funds have been pivotal to building this system in Montana, as the CDC and HRSA programs have allowed Montana DPHHS to establish a much more comprehensive public health emergency management system. Fifty-four Montana counties and five tribes now have a public health emergency management plan in place, with public health and healthcare officials serving as active members of the LEPC/TERC system. Appropriate training to make these plans effective is being put in place, to assure that all players understand their role in just such a scenario. In addition, the Montana State Public Health Laboratory has been upgraded and has significantly increased capabilities to test and identify biological agents such as anthrax. The lab is actively developing capacity to test and identify chemical agents as well.

Thus, DPHHS reports that an anthrax event in Montana would now trigger the coordinated public health emergency response system illustrated in Chart E. As the flowchart demonstrates, virtually all public health officials at all levels in Montana now have preparedness plans, procedures and annexes in place to define specific duties, functions and responsibilities for the public health and healthcare players in counties, tribal government, regional facilities and in the state DPHHS. Montana DPHHS also has

recently developed an incident command center in order to be ready at any time to activate in support of a local public health emergency incident. They report a significantly enhanced level of preparedness for a bioterrorism episode in Montana.

Chart E
The new DPHHS Public Health Emergency Management System



HOW WILL THE SYSTEM REACT TO WEAPONS OF MASS DESTRUCTION (WMD) THREAT IN BILLINGS?

As in the above scenario, the Yellowstone County LEPC and the County DES Coordinator have a local plan and annex in place to address a WMD scenario. With new federal funding, Yellowstone County is upgrading its Explosive Ordinance Disposal (EOD) team, purchasing new equipment, and the EOD response plan would be triggered with the law enforcement agency housing that team likely serving as the lead agency. First responders are part of the county LEPC so that their protocols include contacts with the appropriate players when a WMD event develops.

Once again, new to the Yellowstone County system, in addition to new EOD equipment, is the integration of public health and healthcare officials, as they have created a new “Unified Health Command.” DES officials at the state and county level report that a WMD scenario will trigger a more comprehensive response team today, including statewide support through the Montana DES regional field office, as well as significantly upgraded equipment. Yellowstone recently staged its most comprehensive emergency management exercise in twenty-nine years, testing this upgraded system.

Currently Montana has two regional EOD teams, one in Missoula and one in Billings; there are preliminary plans to create two more teams, in Helena and Flathead County, to increase coverage more broadly and reduce response time in an actual incident response situation. In total, existing EOD teams have been allocated more than \$900,000 since 2003; additional funding is available during the 2005 biennium. DES reports that new equipment acquisition has created an unprecedented level of preparedness. After 2005, however, it appears federal homeland security funding will be eliminated.

WHAT HAS CHANGED SINCE SEPTEMBER 11, 2001 IN MONTANA EMERGENCY MANAGEMENT?

- a) State Level – Disaster and Emergency Services (DES): The most significant change is the large increase in federal funds to upgrade locally based emergency management equipment throughout Montana. These funds also support 3.00 FTE at Montana DES⁵. The new Homeland Security Task Force has generated new attention, momentum and participation from key players throughout the state from all government levels. Despite increased focus on homeland security, there have been no dramatic structural changes to the DES Montana Plan, and no move to consider homeland security as anything other than a significant part of the existing all hazards emergency management system.
- b) State Level – Department of Health and Human Services: Historically, public health and healthcare officials have not been actively involved in state or local emergency management. But as a result of the CDC and HRSA funds, the Montana DPHHS reports that:
 - Fifty-three Hospitals have developed all hazards public health emergency plans;
 - Fifty-four County health departments have mature public health emergency plans;
 - Five Tribal governments have public health emergency plans;
 - A 24/7 duty officer system has been developed at Montana DPHHS to respond to emergencies and provide guidance under the public health emergency plan policies;
 - Montana State Public Health Laboratory upgraded to a BSL-3 (Biosafety Level Class 3) with enhanced capabilities to test and identify biological agents and developing capacity to test and identify chemical agents;
 - County DES Coordinators report that public health and healthcare officials are now integrated onto the Local and Tribal Emergency Planning Commissions.In addition to these specific enhancements, there have been public health emergency exercises to test procedures and strategies, and DPHHS is putting together a comprehensive training plan for healthcare workers and public health staff.
- c) Local Level - Through discussion and correspondence with DES Coordinators from five Montana counties⁶, there is agreement that new federal funds have enhanced systems with:
 - Improvements to planning and preparedness measures (e.g. regional compacts, etc.);
 - Improvements to equipment and infrastructure;
 - Hazardous materials (HAZMAT) team gear
 - Explosive Ordinance Disposal (EOD) units enhanced and expanded
 - Personal protective equipment for first responders
 - Interoperable communications equipment (radios and antennas)
 - Increased human resources for emergencies via Citizens Corps and Medical Reserve Corps (trained volunteers prepared in emergency management);
 - Revitalizing the LEPC's and TERC's;
 - Meeting more regularly
 - Better communication and integration of the members and institutions

- Involvement of public health departments and healthcare community in LEPC's and TERC's as well as other emergency management forums;
- Communications equipment (cell phones and service, fax machines, computers, printers, etc.) has been purchased by DPHHS for use at the local level in event of a public health emergency incident in a Montana community.

State and local officials, both DES and DPHHS, report that Montana has achieved a new level of all hazards emergency preparedness since September 11, 2001.

HAS THE HOMELAND SECURITY TASK FORCE (HSTF) ADDED VALUE TO THE EMERGENCY MANAGEMENT SYSTEM ?

In evaluating the effectiveness of the Montana model and its response to homeland security priorities, it is important to consider the role of the HSTF. Task Force members themselves and each individual at the state and local level contributing to this report all believe that the HSTF has been a critical and valuable addition to all hazards emergency management in Montana. Among the accomplishments cited:

- Completing a statewide strategic plan for homeland security (the plan was designated a "best-practices" model by the Department of Homeland Security);
- Initiating countywide planning and preparedness for homeland security at the local level;
- Initiating tribal planning and preparedness for homeland security;
- Providing leadership and oversight for allocating millions of federal dollars to homeland security programs (going forward the HSTF can assure that funding complies with strategic plan);
- Creating and maintaining momentum and the participation of key players across the state who are now engaged in homeland security preparedness and planning;
- Creating a homeland security website to keep the public informed;
- Becoming a unified advocate for Montana homeland security interests in Washington.

HSTF authority ends in October 2004, when the enabling Executive Order expires. Montana DES officials and HSTF members are evaluating the above accomplishments and determining what, if any future role the task force should play in all hazards emergency management. In light of these achievements, task force members believe the HSTF does have a continuing role to play and they are considering at least three options to address the October sunset of authority⁷.

Montana DES reports that their costs to operate the task force average about \$200 per meeting, as participants charge costs to their own organization operations budgets. Thus DES costs are limited to meeting logistics support, which are funded from federal special revenue sources.

IF FEDERAL FUNDING FOR HOMELAND SECURITY IS REDUCED, WILL STATE OR LOCAL FUNDING BE REQUIRED TO SUPPLANT THAT FUNDING?

It appears virtually certain that the federal allocation formula for homeland security funding will change by the 2007 biennium, as larger states and metropolitan areas advocate that funds be allocated on a per capita basis, which has broad support in Washington. Thus, Montana's allocation from the Department of Homeland Security will likely be reduced from some \$20 million per year to as little as \$2 million per year, or eliminated completely. This raises the concern about whether state funding will be required to supplant these federal funding reductions.

At the local level very little federal funding has been used for personal services, but rather for equipment. Federal funding reductions should not leave the state with unfunded local programs, as local DES coordinators are aware that reductions are coming and all indicate that they consider federal funds as one-time-only, intentionally avoiding long-term projects with ongoing costs. This funding reduction will, however, bring a halt to equipment enhancements across Montana's emergency management system such as the potential EOD teams expansion to Helena and Flathead County.

Since federal funding at the local level is primarily used for equipment purchases, there should be no need for state funds to supplant federal funds, unless the state decides to make a commitment to continue equipment enhancements. On the other hand, the new equipment acquired with federal funding may create future maintenance costs that did not exist before. EMPG funds could be used to support these maintenance costs, but a shift to equipment maintenance will affect local personal service funding.

At the state level, DES is presently funding 3.00 FTE through the homeland security programs, so that federal reductions will create 3.00 FTE unfunded at Montana DES for the 2007 biennium. During the Executive Planning Process the Department of Military Affairs indicates that they will be requesting general fund support for these 3.00 FTE working on homeland security programs in DES, anticipating that they will lose all federal funding to support these positions.

Emergency management officials believe that although Montana has a small population, it also has a large international border, an expansive geography, dispersed and relatively isolated rural populations, a mountainous terrain in the western regions; and these factors pose unique challenges to homeland security preparedness and response (e.g. cross-border security, communications and transportation difficulty, wide dispersal of scarce equipment, etc.). Therefore, there is a need for some level of continued federal funding that may be lost with a pure per-capita allocation formula.

For its part, Montana DPHHS reports that federal funding from HRSA will be continued into the next biennium, as per a cooperative agreement. Funding from CDC, however, is less certain as the allocation for the current fiscal year may be reduced, to be redirected to large metro areas, and as of this report date there is no indication at what level CDC funding will be continued in the next biennium.

HOW WILL FEDERAL REORGANIZATION AFFECT MONTANA IF FUNDING FORMULA CHANGES PLACE A 25 PERCENT CAP ON PERSONAL SERVICES EXPENDITURES FOR EMERGENCY MANAGEMENT FUNDING?

Federal reorganization (moving FEMA under the Department of Homeland Security) may have significant fiscal consequences for Montana. The new department operates under a formula that caps personal service expenditures at twenty five percent of the funds allocated, in favor of increased spending for equipment. This is a dramatic change from the old-FEMA formula for EMPG funding, the original all hazards emergency management program that historically supported Montana DES and county DES offices via pass-through funds.

Operating under a twenty five percent cap on personal service expenditures, Montana DES estimates losing funding for up to 14.00 FTE (out of 20.00 FTE in the 2005 biennium supported by EMPG funding). At the local level, the results will be dramatic as well. According to the Yellowstone County DES Coordinator, a twenty five percent cap would likely lead to both a reduction of local DES staff as well as consolidation of responsibilities as an additional cost savings.

Both scenarios will have serious consequences on emergency management in Montana, since at its base, emergency management is primarily a function of people; professional staff implementing the four components of preparedness, mitigation, response and recovery, in addition to coordination, training and simulation exercises⁸. Those people need equipment to meet their responsibilities, but the proper balance between personal services and equipment is likely not best decided by a “one-size-fits-all” federal formula. Under the new formula, Montana expects level funding for EMPG, but 75 percent of the funds are restricted to equipment, shifting personal service costs to the state.

This potential formula shift has caused alarm at every DES office across Montana, at the state level and in counties of all sizes and staffing schemes, as the personal service functions of emergency management (preparedness, mitigation, response and recovery) currently cost each jurisdiction more than 25 percent of their total expenditures. In fact, DES reports that 86 percent of the federal EMPG funds are used for personal services (well above the twenty five percent cap).

An immediate impact of this shift is evident in the Executive Planning Process submission for the Department of Military Affairs, where DES has requested a general fund increase of \$1.3 million for the 2007 biennium in order to maintain current FTE levels (funding to support 14.00 FTE).

It is important to note here that this formula change does not affect federal reimbursement or funding for wildfire fighting costs.

ISSUES AND DECISIONS POINTS FOR LFC CONSIDERATION

The final objective of this report is to identify issues and decision points for LFC consideration related to homeland security and all hazards emergency management.

REDUCTION OF FEDERAL FUNDING FOR HOMELAND SECURITY PROGRAMS

As stated, Montana’s allocation of homeland security funding will be reduced substantially, from \$20 million per year to at most \$2.0 million, or perhaps completely eliminated. Despite its small population, Montana has a large international border and a number of unique geographical challenges that belie simplicity in homeland security matters. Anticipating the loss of all federal funding for homeland security, Montana DES is requesting general fund support to replace lost federal funding, as part of the 2007 biennium Executive Planning Process.

One can argue that since homeland security is a federal priority driven by federal policy, that federal funding should be maintained at a level that supports expenses such as; maintenance costs for the homeland security equipment that federal funding secured and which may restrict its use⁹, operations costs for the Homeland Security Task Force charged with program and policy oversight, and personal service costs for the Montana DES staff charged with homeland security responsibilities (3.00 FTE).

- LFC may want to consider asking Montana DES to provide a detailed estimate of these costs, and consider contacting the Montana Congressional delegation to express concern about potential funding reductions and request diligence in protecting state homeland security programs and federal allocations, in particular to ensure that federal funding does not fall below a level that will require state funds to supplant the lost federal allocation.

FEDERAL FUNDING CAP OF 25 PERCENT ON PERSONAL SERVICES EXPENDITURES FOR EMERGENCY MANAGEMENT

As stated, with federal reorganization relegating FEMA into a directorate of the Homeland Security Department, the allocation formula for old-FEMA funds (the EMPG program) for all hazards emergency management is scheduled to cap personal service expenditures at 25 percent. Under this formula Montana DES will lose funding for up to 14.00 FTE (out of 20.00 FTE funded by EMPG) and county DES offices across Montana also will face severe staffing impacts (Note: this formula change will not impact wildfire fighting funding). According to a study by the National Emergency Management Association (NEMA), “states are reporting...potential losses of up to sixty percent of their emergency management personnel” should this twenty five percent cap be imposed.¹⁰ Montana DES, in the 2007 biennium Executive Planning Process, is asking for \$1.3 million general fund in order to absorb this funding cap and maintain the current level of FTE and emergency management services.

- LFC may want to consider contacting the Montana congressional delegation to express concern about this funding formula and request their diligence to exempt the old FEMA funding formula, the EMPG program, from the Department of Homeland Security twenty five percent cap.

Endnotes

¹ Montana’s Disaster and Emergency Services Division (Department of Military Affairs) is established at MCA 2-15-1204; the Division’s duties are enumerated at MCA 10-3-105; paramount among its duties, MCA 10-3-301 requires that the Division prepare and maintain a state disaster and emergency plan; at MCA 10-3-201 each local jurisdiction in Montana is required to create an emergency management system with an executive (the DES Coordinator) to serve as the point of contact with the State Division; and according to MCA 10-3-401 each local jurisdiction is required to create a local emergency management plan that is in accordance with and supports the state plan.

In order to comply with these statutory requirements, the Disaster and Emergency Services Division (DES) serves as the hub of the system for the Montana All-Hazards Emergency Management Plan.

²Components of the illustration (Chart A) include the following:

- **DES Montana Plan** – designed to address “all-hazards emergencies” from wildfire, hazardous material (HAZMAT) spills, and floods to hazards related to terrorism. All-hazard scenarios are contemplated by this plan.
- **Four Elements of all-hazards emergency management** –
 - Preparedness – coordinated planning and infrastructure development
 - Mitigation – implementing measures to reduce potential damage
 - Response – allocating and delivering needed resources to the disaster scene
 - Recovery – assisting individuals and communities in the aftermath
- **Local Communities of Montana** – disasters and emergencies occur in a specific locale, so the beneficiaries of the DES Montana Plan are local communities. Each county has a DES Coordinator who works with community members on the Local Emergency Management Committee (LEPC) or the Tribal Emergency Management Commission (TERC), charged to prepare and maintain local emergency management plans.
- **Federal, State, and Regional Entities** –DES maintains relationships with many entities that have a role to play in disaster situations. These include; federal government agencies that provide resources, tribal governments, Montana state agencies, Montana volunteer organizations (e.g. Red Cross), private businesses that may be affected by or a principal in an emergency (e.g. hazardous material spill), neighboring states, and Canada on the state’s northern border.
- **Field Delivery Units** – to make State DES resources accessible to communities, six field delivery offices with a DES representative are available to support local needs.
- **State Emergency Response Committee (SERC)** – in accordance with statute the Governor appoints a 27-member Committee to provide leadership, guidance and resource networking to support all components and participants in the DES Montana Plan.

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- o **Montana DES Association** – comprised of local DES Coordinators in Montana and state DES representatives, the Association provides a forum for leadership, guidance and resource networking to support the DES Montana Plan.

³ In pursuing that charge the Homeland Security Task Force:

- o Is chaired by the Montana DES Administrator (Dan McGowan)
- o Has approximately 25 members from across federal, state and local government
- o Meets regularly since its inception in late 2001 and sunsets in October 2004
- o Provides guidance for allocating federal homeland security funds
- o Submitted a comprehensive Statewide Homeland Security Strategic Plan in December 2003 to the federal Department of Homeland Security
- o The strategic plan is to become the basis for building, funding and maintaining the DES Montana Plan related to homeland security issues during the foreseeable future

⁴ Following the anthrax mail attacks in 2001, the Centers for Disease Control (CDC) the Health Services and Resource Administration (HRSA) and the United States Department of Agriculture (USDA) have placed a priority on developing and funding emergency management programs to address bioterrorism and related public health emergencies. Two additional federal agencies that fund Montana programs include the Corporation for National Service (VISTA and Americorps) and the Citizens Corps. The program objectives are to build local and regional volunteer networks within the state that can provide additional support in the event of disasters and emergencies, in particular homeland security incidents.

While a priority within these federal funding streams include collaboration with the state emergency management plan, the funds do not pass-through Montana DES but rather go directly to other state agencies, such as the Montana Department of Health and Human Services, the Department of Livestock, and the Office of Community Service. This “stove piping” of federal funds has the potential to create inefficiencies in all hazards emergency management, and the legislature may want to consider addressing this problem. Therefore, the legislature may want to consider a mechanism to require that all state agencies that receive federal funding, from any federal agency, related to homeland security or emergency management must create accountability mechanisms to the DES Montana Plan.

⁵ These three FTEs include:

- o Homeland Security Specialist
- o District Representative
- o Deputy Administrator

⁶ The federal funding increase has created a number of administrative problems at the local level, however, especially in rural locations where the DES Coordinator is a part-time employee or has multiple additional responsibilities. Across Montana only 11 DES Coordinators are dedicated full-time to this role. Therefore, additional planning and paperwork requirements that accompany the funds have been difficult to comply with, and where funds allow for staffing, smaller communities have difficulty finding qualified applicants for temporary positions.

There was also broad agreement that State DES has been accessible and extremely helpful to local officials during this period of time. The only concern expressed was a need for additional training and education at the local level that does not seem to be available from the state. In addition to concerns about training support, some suggested enhancements to the DES Montana Plan were discussed:

- o Liability concerns related to utilizing volunteers in emergency management, this may be a statute matter or a state DES matter, but locals need assistance;
- o Concern that Montana DES is not funded adequately by state government, which affects their ability to provide training and education that local providers depend upon, especially with new homeland security responsibilities;
- o Recommendations that the State should use funds to build regional or statewide caches of expensive equipment that could be shared as needed by local communities during emergency incidents, rather than several localities duplicate equipment purchasing costs. Example given was a cache of mobile phones.

⁷ **Options Under Consideration for the future of the Montana Homeland Security Task Force (HSTF)**

1. Integrate HSTF within the State Emergency Response Committee (SERC) as the Homeland Security Sub-committee. This option may require legislation to expand SERC authority.
2. Expand SERC membership (currently twenty-seven members) to include some or all members of the HSTF. This option requires legislation to expand SERC membership.

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3. *Make the HSTF a separate, permanent advisory committee for the DES Montana Plan, similar to the SERC, through enabling legislation.*

The estimated cost to operate the Homeland Security Task Force is \$200.00 per meeting (includes DES staff time, printing materials, etc.), which DES plans to fund using federal revenue sources that have provided funding for task force operations in the past, including EMPG funding. Task force costs are low as members charge their participation costs to their specific organization operating budget. DES pays only for operations costs specific to supporting meeting functions.

⁸ *For more information on the core components of emergency management see, Disaster Preparedness – Lesson 3: General Preparedness Plan, University of Wisconsin Disaster Management Center, website June 1, 2004; <http://dmc.engr.wisc.edu/courses/preparedness/BB04-03.html>*

⁹ *At least one County DES Coordinator expressed concern that the homeland security equipment that is procured with new federal funds may well be restricted in its use “only for homeland security incidents” and not for general disasters and emergency events. Of specific concern is the use of EOD (Explosive Ordinance Disposal) equipment. As of the completion of this report, it was not clear if this equipment would in fact be restricted in its use.*

¹⁰ *Jacoby, Edward F. Jr., President, National Emergency Management Association. Statement for the Record, Appropriations for the Federal Emergency Management Agency for Fiscal Year 2005, The United States House of Representatives Appropriations Subcommittee on Homeland Security, April 9, 2004.*